Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Advanced Methods to Target and Eliminate Unlawful Robocalls	)	CG Docket No. 17-59
	)	
	)	
Call Authentication Trust Anchor	)	WC Docket No. 17-97
	)	
	)	

REPLY COMMENTS
of the
SMITHVILLE TELEPHONE COMPANY
SMITHVILLE, MISSISSIPPI
August 23, 2019
(Via ECFS)

Smithville Telephone Company, a provider of wireline telephone services from before 1956 and broadband since 2001, is a certified incumbent local exchange carrier (ILEC) serving rural portions of Itawamba and Monroe Counties in Mississippi. Located near the midpoint of a line from Memphis, Tennessee, to Birmingham, Alabama, the Company's service area includes the Town of Smithville and about 95 square miles or rural area in the two counties. The Company provides voice telephone service to a few hundred customers using a mix of Active Ethernet fiber and copper technologies. Smithville Telephone is an A-CAM recipient of USF support.

Prompted by comments in this proceeding, these reply comments address a lack of definition about what it means to be a very small voice provider and suggest a beginning step using FCC

Form 477 data to establish size definitions. Smithville Telephone disagrees with the Commission's assumptions about savings resulting from illegal robocall mitigation for small voice providers and provides an example of robocall mitigation costs using actual company information. SHAKEN/STIR in present form will likely never be an attainable solution for robocall mitigation for many small voice providers.

Voice Service Provider Size

The Competitive Carriers Association (CCA) commented about the difficulty and added time needed for small providers to implement robocall blocking solutions. WTA - Advocates for Rural Broadband also addressed the difficult position of small carriers in meeting the proposed approaches for robocall blocking, particularly SHAKEN/STIR. However, no comments seem to have directly addressed the Commission's question about how the Commission should classify voice service providers as large, medium-sized, or smaller[1].

During the FCC SHAKEN/STIR Robocall Summit on July 11th, a small voice services provider was described as one with around 6000 lines and tiny was a company with 1000 or 2000 lines[2]. Smithville is well below this tiny size category, having only 319 voice customers[3].

[1] Paragraph 78 of the Declaratory Ruling and Third Further Notice of Proposed Rulemaking, FCC 19-51, June 7, 2019

[2] Comments by Brian Ford of NTCA.

[3] The 319 voice customers include both voice only and those also with broadband service as of June 30, 2019. About 47% of these voice customers are in A-CAM supported census blocks.

There's a tremendous difference in the ability of a company 5% or 10% of the size of the 6000 line companies represented at the FCC Robocall Summit to respond to FCC actions[4].

The FCC should use end user voice line counts as a measure of voice service provider size where voice related issues are being addressed and these counts are available in the Form 477 data the Commission collects from all voice providers twice a year. A histogram[5] of recent state level counts by anonymized provider will support worthwhile discussions of classification approaches and provide a foundation for developing size-aware public policy that also recognizes continued decreases in wireline telephone subscriptions. The FCC has the data to start this process and should either take action to help answer their own size questions or provide the necessary data so others can do the evaluations.

Costs and Benefits

With development of robocall blocking technologies still underway there's little ability for very small providers to directly estimate blocking implementation costs or the costs of ongoing operations, but estimates of costs were made in the Robocall Summit. These estimates can be used to show the potential impact of the costs of robocall mitigation on very small voice providers like Smithville Telephone. The following three statements are relevant.

[4] The results of this proceeding, the uncertain future requirements for broadband speed and latency testing, and new requirements for broadband mapping each will require major efforts and high costs for the smaller range of providers.

[5] Smithville Telephone suggests increments of no more than 100 lines up to 1000 lines, then 1000 increments to 10,000 lines to capture the size characteristics of the several different ranges of small that have been mentioned in this proceeding.

>> HEATHER, THANK YOU FOR HAVING ME HERE ON BEHALF OF MY 850 MEMBERS ALONG WITH TWO OF MY SMARTEST MEMBERS. I'LL TRY NOT TO TALK MUCH, BECAUSE THAT'S NOT MUCH I CAN ADD TO WHAT THEY'RE GOING TO SAY. OUR 850 MEMBERS, THEY'RE ALL VERY SMALL COMPANIES. WE'RE TALKING 6,000 CUSTOMERS ON AVERAGE. I THINK DAVE HAS 3500. SO WHEN YOU HEAR THE VENDOR COMMUNITY TALK ABOUT COSTS OF LOW SIX FIGURES, MID-SIX FIGURES PER YEAR FOR US TO DO THERE, IT'S NOT A SHOCKING AMOUNT OF MONEY TO MOST PEOPLE IN THE ROOM, BUT TO A COMPANY WHERE THEY HAVE TO FIGURE OUT HOW TO RECOVER THAT FROM 3500 CUSTOMERS, THAT'S A HECK OF A LOT OF MONEY.[6]

BUT WE HAVE A PRETTY LIMITED BASE TO WHICH WE CAN SPREAD THIS EXPENSE ACROSS. TO SOME DEGREE, WHETHER YOU ARE A 2,000, 20,000 OR 200,000 CUSTOMER COMPANY, THE COST MIGHT BE PRETTY CLOSE TO THE SAME REGARDLESS OF WHICH SIZE YOU ARE.

>> AND SINCE I'VE GOT EVERYBODY HERE, I'VE HEARD A FEW TIMES, 100,000 OR TENS OF THOUSANDS TO HUNDREDS OF THOUSANDS, TO UPGRADE, THEN 100,000 PER YEAR TO OPERATE --

So we have from the Summit that operating costs[7] after the initial capability for blocking is established will be in the "low to mid six figures" or a minimum of $100,000 per year. There will also be unknown costs to convert to IP trunking, so initial costs are not addressed here.

Focusing on recurring costs, the very lowest Summit estimate of $100,000 per year and 319 customers gives about $26 per line per month in ongoing expenses, but there will be less

[6] Statement made by Brian Ford, Director of Industry Affairs, NTCA, during the July 11, 2019 FCC SHAKEN/STIR Robocall Summit. The following two related statements are also from the Summit voice to text transcript, but the speakers are unknown.

[7] The makeup of these costs are not known to Smithville, but are perhaps for analytics support and additional switch vendor charges.

customers by the time this technology is available, perhaps 252 in two years[8]. At 252 voice lines the monthly expense will be about $33 per line and will increase as voice line quantities continue to decrease. Smithville Telephone's typical monthly local voice services revenue per line today is less than $45. Current switch software and support costs plus the costs of SS7 ports, just two more items directly related to voice telephony, are over $9.50 per month per line for 252 lines. There's certainly not much left over after this $42.50 example of fixed monthly costs to cover salaries, benefits, taxes, utilities, vehicles, consultants, regulatory fees and other essential costs of providing voice services from $45 of revenue. It's absolutely certain the many costs of providing fixed wireline voice services by very small providers will exceed revenues sooner or later and that the robocall mitigation costs presented in the FCC Robocall Summit will dramatically accelerate this crossover.

Even excluding consideration of SHAKEN/STIR costs, small companies like Smithville Telephone have been actively considering changing to a hosted switching configuration to reduce the costs of operating a local switch, and these arrangements will become a necessity if SHAKEN/STIR is universally mandated. One result of this adoption of hosted switching clearly will be increased financial pressure on switch providers.

Another cost issue is any required operations support that might be mandated for correcting blocking errors. ACA International advocates that voice providers should have a 24/7 contact

[8] Retail switched access lines declined 11% per year in a three year period according to the FCC Voice Telephone Services Status as of June 30, 2017, Industry Analysis and Technology Division, Wireline Completion Bureau, November 2018.

person available to resolve blocking of legitimate calls and that any erroneously blocked calls should be remediated within 24 hours. This effectively requires continuous personnel availability of small provider personnel year-around. ACA International also states, "ACA does not expect these or similar minimal measures to be invasive or cost-prohibitive for voice service providers." Smithville Telephone disagrees because this would certainly be cost-prohibitive and administratively difficult or impossible for a small 5-day workweek company with 8 employees. Outsourcing of this work would likely be required at some unknown cost.

What about the financial benefits of implementing robocall blocking? The Commission asserts the benefit to consumers of opt-out blocking services could be $3 billion per year.[9] This is only about 55 cents per voice line per month[10]. Is this sufficient to drive expensive public policy decisions? Whatever financial or other benefits consumers gain due to reduced robocalls will not flow funds in any direct way to help actually pay for the equipment and services needed to implement and support call blocking.

Another FCC assumption is that reducing robocalls will lead to cost savings due to reduced customer service interactions with annoyed customers, but this assumption is only true if the number of employees is reduced. Larger companies with many employees perhaps can reassign individuals to other responsibilities or reduce contracted staff, but it is unlikely small

[9] Paragraph 40 of the Declaratory Ruling and Third Further Notice of Proposed Rulemaking, FCC 19-51, June 7, 2019

[10] For 455 million retail voice telephone service connections in June, 2017 as shown in the FCC Voice Telephone Services Status as of June 30, 2017, Industry Analysis and Technology Division, Wireline Completion Bureau, November 2018.

companies will reduce staff if robocall complaints decrease. In any case, usually there is only a single complaint call from a customer because, after the customer learns the small company is currently powerless to reduce robocalls, there's no reason for repeated calls. Very annoyed customers just cancel their wireline subscriptions.

Increased network capacity as a result of diminished robocall volume isn't a benefit for small companies because network capacity and trunking in place today was sized for the greater customer numbers and call volumes of the past. With wireline voice customer numbers dropping 8 to 10 percent or more per year, voice service equipment capacity limits are certainly not a problem today for Smithville Telephone.

In a discussion about safe harbor[11], the Commission refers to the high-cost program. As mentioned earlier, Smithville Telephone is an A-CAM company and more than half of its voice customer lines are not in census blocks receiving A-CAM funding. The Company is unaware of specific apportionment of A-CAM funds in supported areas to support voice services. Whatever model content was associated with voice service almost certainly did not envision a costly significant future redesign of the voice telephone network to mitigate robocalls.

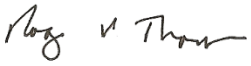
Given strong indications that net costs of initial implementation and operation of today's vision of robocall mitigation by small providers will be very high and suggestions that this should be cost-free to all of the beneficiaries of the mitigation, hopefully there is some magical or

[11] Paragraph 56 of the Declaratory Ruling and Third Further Notice of Proposed Rulemaking, FCC 19-51, June 7, 2019.

innovative less costly solution that Smithville Telephone has not yet discovered. Are there some reasonable steps forward that don't involve a one size fits all mandate to rapidly implement SHAKEN/STIR?

Incomplete Solution

It's clear from the costs discussed above and the lack of any material financial advantage for a small voice provider to implement SHAKEN/STIR that some other solution is needed. Gateway attestation and out of band STIR might be valuable techniques that could underpin a new and affordable approach to robocall mitigation, but it's impossible for small providers like Smithville Telephone to do much more than identify the need for an additional approach that doesn't mandate SHAKEN/STIR.



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